

**LOUISIANA BOARD OF PHARMACY
LOUISIANA DEPARTMENT OF HEALTH
AND HOSPITALS
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**

**LOUISIANA BOARD OF PHARMACY
STATE OF LOUISIANA
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Department of Administration – Office of Statewide Reporting and Accounting Policy – Reporting Package			

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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

As discussed in Note A, the financial statements of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, are intended to present the net position, the changes in net position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2014, and the changes in net position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Board of Pharmacy's basic financial statements. The Schedule of Per Diem and the Annual Financial report, as required by the Louisiana Division of Administration, is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

The Schedule of Per Diem and the Annual Financial report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information had been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2014, on our consideration of the Louisiana Board of Pharmacy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Board of Pharmacy's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
August 4, 2014

**State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2014**

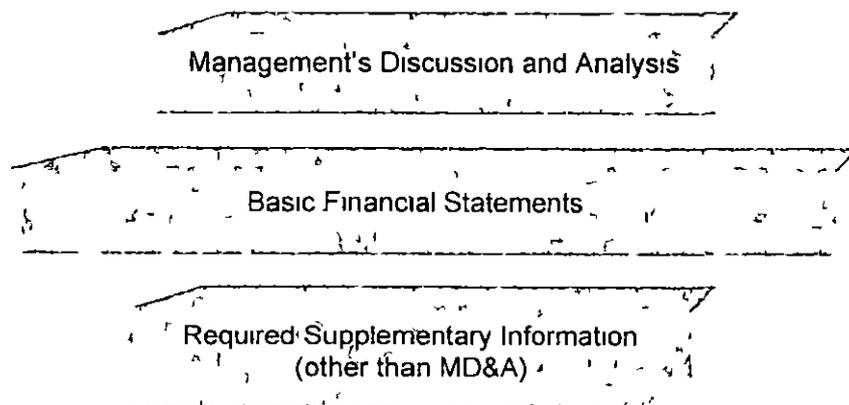
This Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2013 by \$3,520,725, which represents a 9.2% increase from the prior fiscal year.
- ★ From the prior fiscal year, the Board's operating revenues increased \$184,530 (6.5%), operating expenses increased \$208,272 (8.4%) and the net results from activities increased \$6,899 (2.4%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section) the Basic Financial Statements (including the notes to the financial statements) and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Board as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet, the Statement of Revenues, Expenses and Changes in Fund Net Assets, and the Statement of Cash Flows.

State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2014

The Statement of Net Position (Exhibit A, page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit B, page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is collected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Exhibit C, page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	Total	
	2014	2013
Current and other assets	\$ 3,562,797	\$ 3,125,178
Capital assets	2,139,037	2,265,041
Total assets	5,701,834	5,390,219
Current liabilities	215,904	202,849
Long-term liabilities	1,965,205	1,962,021
Total liabilities	2,181,109	2,164,870
Net assets		
Invested in capital assets, net of depr	2,063,242	1,232,833
Restricted	985,716	0
Unrestricted	471,767	1,992,516
Total net assets	\$ 3,520,725	\$ 3,225,349

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent. The Board has established a separate reserve fund intended to match its ongoing OPEB liability.

Net assets of the Board increased \$295,376 (or 9.2%) from June 30, 2013 to June 30, 2014.

State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2014

Statement of Revenues, Expenses, and Changes in Net Position
for the years ended June 30, 2013 and June 30, 2014

	Total	
	2014	2013
Operating revenues	\$ 3,036,459	\$ 2,851,929
Operating expenses	(2,701,021)	(2,492,749)
Operating income (loss)	<u>335,438</u>	<u>359,180</u>
Non-operating revenues	22,938	12,530
Non-operating expenses	(63,000)	(83,235)
Net increase (decrease) in net assets	<u>295,376</u>	<u>288,475</u>
Total net assets, beginning of year	3,225,349	2,936,874
Restatement of beginning net assets		
Total net assets, restated beginning of year		
Total net assets, end of year	<u>\$ 3,520,725</u>	<u>\$ 3,225,349</u>

The Board's operating revenues increased by \$184,530 or 6.5%. The total cost of all programs and services increased from the prior fiscal year by \$208,272 or 8.4%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the conclusion of the fiscal year ended June 30, 2014, the Board had \$2,139,037 invested in a broad range of capital assets, including property, furniture, office equipment, and information systems (see Table below). This amount represents a net decrease of \$126,004 from last year.

	2014	2013
Land	\$ 1,004,940	\$ 1,004,940
Building	1,052,255	1,049,655
Furniture and Equipment	348,347	335,179
Software, Licensure & Website	408,560	408,560
Accumulated Depreciation	(675,066)	(533,293)
Totals	<u>\$ 2,139,037</u>	<u>\$ 2,265,041</u>

**State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2014**

Debt

To purchase the office building in 2010, the Board pledged its future receivables to secure a note for \$1.3 million, with a term of 5 years. The separate property acquired in 2007 and originally intended to host a new office building has been listed for sale. The proceeds from the sale of that property will be used to settle or offset the remaining balance on the note for the office building.

The Board has set aside funds for the Other Post Employment Benefit (OPEB) obligation first identified in 2008. There were no claims or judgments at the end of the fiscal year, and the only remaining significant liability was in the form of compensated absences.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$219,458 (or 7.8%) over budget, and expenses were \$52,980 (or 1.9%) less than budget. Most of the excess revenue was derived from unanticipated growth in the number of credentials issued and renewed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget:

- Anticipated licensure activity (acquisition, renewal, and attrition)
- Demand for goods and services
- Enforcement actions
- Historical pattern of operational costs

The Board expects that next year's results may or may not improve based on the following:

- Continued growth in total number of credentials under management
- Additional investments in technology infrastructure

CONTACTING THE LOUISIANA BOARD OF PHARMACY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at mbroussard@pharmacy.la.gov or (225) 925-6496.

FINANCIAL STATEMENTS

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,479,452
Investments	1,097,629
Total Current Assets	<u>2,577,081</u>

Restricted Assets:

Cash and cash equivalents	123,733
Investments	861,983
Total Restricted Assets	<u>985,716</u>

Land and equipment (net of accumulated depreciation):

Land	1,004,940
Office equipment	98,546
Software	66,610
Building	968,941
Total Land and Equipment	<u>2,139,037</u>

TOTAL ASSETS

TOTAL ASSETS	<u><u>\$ 5,701,834</u></u>
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LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	3,536
Salaries payable	72,047
Payroll taxes payable	3,123
Interest payable	5,338
Note payable - current portion	75,795
Compensated absences- current portion	56,065
Total Current Liabilities	<u>215,904</u>

Noncurrent Liabilities:

Note payable - long term portion	885,109
Compensated absences	63,228
OPEB payable	1,016,868
Total Noncurrent Liabilities	<u>1,965,205</u>

Total Liabilities

Total Liabilities	<u>2,181,109</u>
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Net Position

Net Invested in capital assets	2,063,242
Restricted for OPEB	985,716
Unrestricted	471,767
Total Net Position	<u>3,520,725</u>

TOTAL LIABILITIES AND NET POSITION

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,701,834</u></u>
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The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES	
Licenses, permits, and fees	\$ 3,036,459
	<u>3,036,459</u>
Total Operating Revenues	<u>3,036,459</u>
EXPENSES	
Personnel services and related benefits	1,898,767
Operating services	277,860
Materials and supplies	70,017
Professional fees	220,000
Travel	92,605
Depreciation	141,772
	<u>2,701,021</u>
Total Operating Expenses	<u>2,701,021</u>
Operating Income (Loss)	<u>335,438</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	8,549
Interest expense	(63,000)
Gain on disposal of asset	14,389
	<u>(40,062)</u>
Income (Loss)	295,376
Total net position - beginning of year	<u>3,225,349</u>
Total net position - end of year	<u>\$ 3,520,725</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOW FROM OPERATING ACTIVITIES

Cash received from licenses	\$ 3,061,038
Cash payments to suppliers of goods and services	(661,482)
Cash payments to employees for services	(1,810,224)
Net cash provided (used) by operating activities	<u>589,332</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on note	(71,304)
Interest paid on note	(63,217)
Gain on disposal of asset	14,387
Purchase of capital assets	(15,768)
Net cash used by capital and related financing activities	<u>(135,902)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of securities	(919,000)
Sale of Securities	155,233
Interest income	8,549
Change in investment to cash equivalent	270,837
Net cash provided (used) by investing activities	<u>(484,381)</u>

Net increase (decrease) in cash and cash equivalents (30,951)

Cash and cash equivalents, beginning of year 1,634,136

Cash and cash equivalents, end of year \$ 1,603,185

RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 335,438
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	141,772
Changes in assets and liabilities:	
Accounts receivable	5,885
Prepayments	18,694
Accounts payable	4,011
Payroll tax liability	(357)
Compensated absences	(7,575)
OPEB payable	91,464
Net cash used by operating activities	<u>\$ 589,332</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

INTRODUCTION

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

2. Basis of Presentation

The financial statements of the Board are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

4. Method of Accounting

In June 1999, the Board adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local government entities which includes a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by the GASB statement included in the following paragraph.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was adopted for the fiscal year ended June 30, 2013. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Statements - and Management's Discussion and Analysis – for Local and State Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The financial statements of the Board are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits, and time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

7. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2014, there were no amounts considered to be uncollectible.

8. Capital Assets

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Furniture	5-7 years
Equipment	5-10 years

8. Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

9. Revenues and Expenses

Revenues and expenses are recorded on the accrual basis of accounting. Revenues, consist of fees from licenses, examinations, and programs. Different licenses are renewed on different cycles throughout the year. Licenses are renewed throughout the year. Licenses are recorded in the Statement of Activities when they are earned. Operating and non-operating expenses are recorded as they are incurred. During the year, the Board issued 42,874 permits and earned an additional \$462,825 in fees. The number of new credentials during the fiscal year totals was 6,609.

When an expense is incurred for purposes for which there is both restricted and unrestricted net position available, it is the Board's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net position.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

10. Employee Compensated Absences

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

11. Statement of Cash Flows

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchased as cash equivalents.

12. Net Position

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following component of net position:

- *Net invested in capital assets* – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net invested in capital assets.”

NOTE B – BUDGET PRACTICES

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH & CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according the three levels of risk.

The deposits at June 30, 2014, consisted of the following:

	Cash and Cash Equivalents	Nonnegotiable Certificates of Deposit	Total
Deposits per balance sheet	\$ 1,603,185	\$ 1,929,171	\$ 3,532,356
Bank deposits in bank accounts per bank	\$ 1,577,620	\$ 1,929,171	\$ 3,506,791
Bank balances of deposits exposed to custodial credit risk:			<u>\$ 2,371,856</u>
a. Uninsured and uncollateralized			
b. Uninsured and collateralized with securities held by the pledging institution			
c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entity's name			<u>\$ 2,371,856</u>

Investments of the Board consist of certificates of deposit, U.S. Treasury securities, and U.S. Government bonds . These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

Descriptions	Cost	Fair Value	Interest Rates	Moody's Investors Service Credit quality Rating	Maturity Date
Certificates of Deposit	\$ 1,942,000	\$ 1,929,171	1.0% - 1.8%		12/29/14-03/04/20
U. S. Treasury Security	25,000	29,778	1.25%	Aaa	7/15/20
 Total debt securities-portfolio weighted-average maturity	 <u>1,967,000</u>	 <u>1,958,949</u>			
 Total investments	 <u>1,967,000</u>	 <u>1,958,949</u>			
Accrued interest	663	663			
 Total	 <u>\$ 1,967,663</u>	 <u>1,959,612</u>			

Interest Rate Risk. The board has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH & CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk. The board has adopted the state investment policy at RS 49:327. The board does not have any other policy that would further limit the investment choices. The investments are government backed securities.

Concentration of Credit Risk. The board places no limits on the amount the board may invest in any one issuer.

NOTE D – CAPITAL ASSETS

A summary of changes, capital assets, and accumulated depreciation for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital Assets, not being depreciated				
Land	\$ 1,004,940	\$ -	\$ -	\$ 1,004,940
Total Capital Assets, not being depreciated	<u>1,004,940</u>	<u>-</u>	<u>-</u>	<u>1,004,940</u>
Capital Assets, being depreciated				
Buildings and building improvements	1,049,655	2,600	-	1,052,255
Less accumulated depreciation	<u>(56,856)</u>	<u>(26,458)</u>	<u>-</u>	<u>(83,314)</u>
Total buildings and buildings improvements	<u>992,799</u>	<u>(23,858)</u>	<u>-</u>	<u>968,941</u>
Office equipment	335,179	13,168		348,347
Less accumulated depreciation	<u>(216,199)</u>	<u>(33,602)</u>	<u>-</u>	<u>(249,801)</u>
Total office equipment	<u>118,980</u>	<u>(20,434)</u>	<u>-</u>	<u>98,546</u>
Software	408,560		-	408,560
Less accumulated depreciation	<u>(260,238)</u>	<u>(81,712)</u>	<u>-</u>	<u>(341,950)</u>
Total software	<u>148,322</u>	<u>(81,712)</u>	<u>-</u>	<u>66,610</u>
Total Capital Assets, being depreciated	<u>1,260,101</u>	<u>(126,004)</u>	<u>-</u>	<u>1,134,097</u>
Total Capital Assets, net	<u>\$ 2,265,041</u>	<u>\$ (126,004)</u>	<u>-</u>	<u>\$ 2,139,037</u>

Total depreciation expense for the year ended June 30, 2014 was \$141,772.

NOTE E – NOTES PAYABLE

In January 2011, the Louisiana Board of Pharmacy purchased an office building and acquired a loan in the amount of \$1,300,000 with an interest rate at 6.25% and a maturity date of January 16, 2016. Iberia Bank currently holds the lien to the building title and the vacant lot valued at \$709,080 is pledged as collateral against the loan. The following is a summary of the long-term notes payable for the year ended June 30, 2014:

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE E – NOTES PAYABLE (CONTINUED)

Balance at July 1, 2013	\$	1,032,208
Principal payments		(71,304)
Balance at June 30, 2014		960,904
Less Current Maturity		(75,795)
Long-Term Notes Payable	\$	885,109

The annual requirements to amortize all debt outstanding as of June 30, 2014 including interest payments of \$90,940 are as follows:

Year Ending June 30,	Notes Payable
2015	134,521
2016	917,323
	\$ 1,051,844

NOTE F – LITIGATION

There are no judgments or claims pending against the Board at June 30, 2014.

NOTE G – RETIREMENT SYSTEM

The employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as pension trust fund. LASERS was established and provided within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefits of the state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site at:

http://www.lasersonline.org/uploads/2012_CAFR_web_version.pdf

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees eligible to begin participation before July 1, 2006, are entitled to a retirement benefit, payable monthly for life (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE G – RETIREMENT SYSTEM (CONTINUED)

State law provides for fiscal year 2014, contribution rates of 7.6% by employees. The rate was 7.5% for 2013. The contribution rate for the employer for the fiscal year ended June 30, 2014 increased to 31.3% of annual covered payroll from the 25.6% and 22.0% required in the fiscal years of ended June 30, 2012 and 2011, respectively. Contribution requirements to the System are set by Statute and differ from the contribution requirements determined using actuarial methods. The contributions to the System for the years ending June 30, 2014, 2013, 2012, and 2011, were \$371,283, \$279,473, \$249,094, and \$228,038, respectively, which are the required contributions set by Statute.

NOTE H –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plant (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plants. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2014, this amount ranges \$330 to \$342 per month for single members with Medicare or \$998 to \$1,053 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,207 to \$1,265 per month for those with Medicare or \$1,762 to \$1,859 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE H –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Cost/Obligation. The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2013, is as follows:

Annual OPEB Expense and Net OPEB Obligation

Fiscal Year Ending		6/30/2014
Net OPEB Obligation at June 30, 2013	\$	925,404
Annual Required Contribution		137,200
Interest on Net OPEB Obligation		37,000
ARC Adjustment		(35,400)
Annual OPEB Expense		138,800
Contributions made		<u>(47,336)</u>
Net OPEB Obligation at June 30, 2014	\$	<u>1,016,868</u>
Percentage of Annual OPEB Cost Contributed		34.10%

Funding Status and Funding Progress. As of June 30, 2014, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

	6/30/2012	6/30/2013	6/30/2014
Actuarial accrued liability (AAL)	\$ 1,567,900	\$ 1,471,800	\$ 1,619,300
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,567,900</u>	<u>\$ 1,471,800</u>	<u>\$ 1,619,300</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (annual payroll- active employees)	608,400	495,500	924,500
UAAL as a percentage of covered payroll	258%	297%	175%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE H –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 6.0% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2014, was thirty years.

NOTE I – COMPENSATED ABSENCES

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service, no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

Changes in accrued leave for the current and long-term periods are as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Balance, July 1, 2013	\$ 51,306	75,562	126,868
Additions	4,759	-	4,759
Deletions	-	(12,334)	(12,334)
Balance, June 30, 2014	<u>\$ 56,065</u>	<u>63,228</u>	<u>119,293</u>

NOTE J – BOARD MEMBERS' PER DIEM

The Board members are paid per diem of \$75 per day for each day of actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 Louisiana Legislature.

NOTE K – RELATED PARTY TRANSACTIONS

The Board did not have any related party transactions for the year ended June 30, 2014.

**LOUISIANA BOARD OF PHARMACY
TO FINANCIAL STATEMENTS**

NOTE L – OPERATING LEASES

The Board has the following leases at June 30, 2014:

- Stanley Security Systems – Monthly monitoring and security. There are three leases with monthly payments of \$65, \$30, \$39, \$14, \$15, and \$49 respectively. The leases end in June 2016, and November 2018, respectively.
- Corporate Green, LLC – Lawn maintenance and landscape maintenance. The monthly lease payments are \$210 and \$ 30, respectively, with an ending date in June, 2016 and June 2017.
- Xerox – Copier. The monthly lease payment is \$304 and \$261 with an ending date in June, 2016.
- Pitney Bowes – Postage meter service level agreement. The monthly lease payment is \$647 with an ending date of June, 2016.

The following is a schedule of future minimum lease payments required under the operating leases:

	Total
2015	19,655
2016	15,915
2017	3,456
2018	936
2019	390
	<u>40,352</u>

NOTE M – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was effective for the Board beginning with its year ending June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as net assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

NOTE N – SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 4, 2014, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SCHEDULE 1

LOUISIANA BOARD OF PHARMACY
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 SCHEDULE OF BOARD MEMBERS PER DIEM
 FOR THE YEAR ENDED JUNE 30, 2014

<u>Board Members</u>	<u>Amount</u>
Joseph L. Adams	
Carl W. Aron	4,050
Brian A. Bond	3,000
Jacqueline L. Hall	825
Marty R. McKay	1,575
Chris B. Melancon	1,575
Ronald E. Moore	600
Blake P. Pitre	1,875
T. Morris Rabb	2,100
Clovis Burch	1,575
Pamela Reed	2,325
Richard Indovina	1,725
Ryan Dartez	825
Rhonny Valentine	900
Deborah Simonson	600
Don Resweber	1,350
Diane Milano	825
Richard A. "Andy" Soileau	2,175
	<hr/>
Total	\$ 27,900
	<hr/> <hr/>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

SCHEDULE 2

To the Board of Directors
Louisiana Board of Pharmacy
Baton Rouge, Louisiana

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Louisiana Board of Pharmacy's basic financial statements, and have issued our report thereon dated August 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Board of Pharmacy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Board of Pharmacy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, Louisiana
August 4, 2014

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SUMMARY OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Board of Pharmacy.
2. There are no significant deficiencies relating to the audit of the financial statements reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Louisiana Board of Pharmacy were disclosed during the audit.

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no prior year audit findings or questioned costs.

LOUISIANA BOARD OF PHARMACY
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2014

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2014

Louisiana Board of Pharmacy
3388 Brentwood Drive
Baton Rouge, Louisiana 70809-1700

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, LA 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

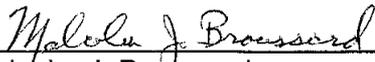
LLAFileroom@lla.la.gov

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

Affidavit

Before me, the undersigned notary, personally came and appeared Malcolm J. Broussard, Executive Director of the Louisiana Board of Pharmacy, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Board of Pharmacy at June 30, 2014 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 8th day of August, 2014.



Malcolm J. Broussard
Executive Director
Louisiana Board of Pharmacy



Carlos M. Finalet, III
Notary Public
Bar Roll No. 23729

Prepared by: Malcolm J. Broussard
Title: Executive Director
Telephone: 225.925.6481
Date: August 8, 2014
Email: mbroussard@pharmacy.la.gov

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and Cash equivalents	\$	<u>1,479,452</u>
Restricted Cash and Cash Equivalents		
Investments		<u>1,097,629</u>
Derivative Instruments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes Receivable		
Other Current Assets		
Total current assets		<u>2,577,081</u>

NONCURRENT ASSETS

Restricted assets (Note F):		
Cash		<u>123,733</u>
Investments		<u>861,983</u>
Receivables		
Investments		
Notes Receivable		
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		<u>1,004,940</u>
Buildings and improvements		<u>968,941</u>
Machinery and equipment		<u>98,546</u>
Software		<u>66,610</u>
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		
Total noncurrent assets		<u>3,124,753</u>
Total assets	\$	<u>5,701,834</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	\$	
Deferred amounts on debt refunding		
Adjustments of capital lease obligations		
Grants paid prior to meeting time requirements		
Intra-entity transfer of future revenues (transferee)		
Losses from sale-leaseback transactions		
Direct loan origination costs for mortgage loans held for sale		
Fees paid to permanent investors prior to sale of mortgage loans		
Total deferred outflow of resources	\$	<u>-</u>
Total assests and deferred outflow of resources	\$	<u>5,701,834</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>84,044</u>
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Unearned revenues		
Amounts held in custody for others		
Other current liabilities		

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Liabilities Con't

Current portion of long-term liabilities: (Note K)	
Contracts payable	\$ _____
Compensated absences payable	_____ 56,065
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____ 75,795
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
Other long-term liabilities	_____
Total current liabilities	_____ 215,904
NONCURRENT LIABILITIES	
Contracts payable	_____
Compensated absences payable	_____ 63,228
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____ 885,109
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
OPEB payable	_____ 1,016,868
Other long-term liabilities	_____
Total noncurrent liabilities	_____ 1,965,205
Total liabilities	_____ 2,181,109
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of hedging derivatives	\$ _____
Deferred amounts related to service concession arrangement	_____
Deferred amounts of debt refunding	_____
Adjustments of capital lease obligations	_____
Grants received prior to meeting time requirements	_____
Property taxes received before the period of which the taxes were levied	_____
Fines and penalties received in advance of meeting time requirements	_____
Sales/intra-entity transfers of future revenues (transferor)	_____
Gains from sale-leaseback transactions	_____
Points received on loan origination	_____
Loan origination fees received for mortgage loans held for sale	_____
Total deferred inflows of resources	_____ -
NET POSITION	
Net investment in capital assets	_____ 2,063,242
Restricted for:	
Capital projects	_____
Debt service	_____
Unemployment compensation	_____
Other specific purposes	_____ 985,716
Unrestricted	_____ 471,767
Total net position	_____ 3,520,725
Total liabilities, deferred inflows of resources, and net position	\$ _____ 5,701,834

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Statement B

OPERATING REVENUE	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	3,036,459
Federal grants and contracts	_____
State, local and nongovernmental grants and contracts	_____
Other	_____
Total operating revenues	3,036,459
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	2,559,249
Depreciation	141,772
Amortization	_____
Total operating expenses	2,701,021
Operating income(loss)	335,438
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	8,549
Gain on disposal of fixed assets	14,389
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	(63,000)
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	(40,062)
Income(loss) before contributions, extraordinary items, & transfers	295,376
Capital contributions	_____
Extraordinary item	_____
Transfers in	_____
Transfers out	_____
Change in net position	295,376
Total net position – beginning	3,225,349
Total net position – ending	\$ 3,520,725

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
 LOUISIANA BOARD OF PHARMACY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

Statement C

	Expenses	Program Revenues		Net (Expense)
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Entity	\$ 2,764,021	\$	\$	\$ (2,764,021)
General revenues:				
Licenses, permits, and fees				3,036,459
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				8,549
Miscellaneous				14,389
Special items				
Extraordinary item				
Transfers				
Total general revenues, special items, and transfers				3,059,397
Change in net position				295,376
Net position - beginning as restated				3,225,349
Net position - ending				\$ 3,520,725

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

**Statement D
(continued)**

Cash flows from operating activities		
Cash receipts from customers	\$ 3,061,038	
Cash receipts from grants and contracts		
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(661,482)	
Cash payments to employees for services	(1,810,224)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)		
Net cash provided(used) by operating activities		<u>589,332</u>
Cash flows from non-capital financing activities		
State Appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(71,304)	
Interest paid on notes payable	(63,217)	
Acquisition/construction of capital assets	(15,768)	
Proceeds from sale of capital assets		
Capital contributions		
Gain on disposal of asset	14,387	
Deferred proceeds from capital leases		
Net cash provided(used) by capital and related financing activities		<u>(135,902)</u>
Cash flows from investing activities		
Change in investment to cash equivalent	270,837	
Purchases of investment securities	(919,000)	
Proceeds from sale of investment securities	155,233	
Interest and dividends earned on investment securities	8,549	
Net cash provided(used) by investing activities		<u>(484,381)</u>
Net increase(decrease) in cash and cash equivalents		<u>(30,951)</u>
Cash and cash equivalents at beginning of year		<u>1,634,136</u>
Cash and cash equivalents at end of year	\$	<u><u>1,603,185</u></u>

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

INTRODUCTION

The Louisiana Board of Pharmacy was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of the Louisiana Board of Pharmacy:

The Louisiana Board of Pharmacy is a component unit of the State of Louisiana. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacists from each of the Board's district as provided by R.S. 37:1173. The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy. Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Board of Pharmacy present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2014 consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 1,603,185	\$ 1,929,171	\$	\$ 3,532,356
Deposits in bank accounts per bank	\$ 1,577,620	\$ 1,929,171	\$	\$ 3,506,791
Bank balances exposed to custodial credit risk:				
a. Uninsured and uncollateralized	\$ 442,685	\$ 1,929,171	\$	\$ 2,371,856
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	442,685	1,929,171		2,371,856

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

The following is a breakdown by banking institution, program, and amount of the “Deposits in bank accounts per bank” balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney Bank	Operating accounts	\$ 160,872
2. Whitney Bank	Relief funds	83,797
3. Iberia Bank	Operating accounts	802,663
4. Iberia Bank	OPEB Reserve	406,554
5. Iberia Bank	Relief funds	123,734
Total		\$ <u>1,577,620</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

Cash in state treasury	\$ <u>-0-</u>
Petty cash	\$ <u>-0-</u>

2. INVESTMENTS

The Louisiana Board of Pharmacy does maintain investment accounts as authorized by 71:1.1501.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty’s trust department or agent, but not in the entity’s name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty’s trust department or agent not in the entity’s name. In addition, the total

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Statement of Net Position</u>	<u>Fair Value</u>
Negotiable CDs	\$	1,929,171	\$	1,929,171
Repurchase agreements				
U.S. Government Obligations **		-		29,778
U.S. Agency Obligations***				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
External Investment Pool (LAMP) ****				
External Investment Pool (Other)				
Other: (identify)				
Total investments	\$	-	\$	1,958,949
		\$		1,929,171
				\$
				1,958,949

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ 29,778	\$ -	\$ -	\$ 29,778	\$ -
Certificates of deposit	1,929,171	216,333	1,465,038	247,800	-
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other					
Total debt investments	\$ 1,958,949	\$ 216,333	\$ 1,465,038	\$ 277,578	\$ -

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

4. DERIVATIVES (GASB 53) – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net position of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassifi- cation of CI
Capital assets not depreciated:					
Land	\$ 1,004,940	\$ -	\$ 1,004,940	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-
Capitalized collections	-	-	-	-	-
Software - development in progress	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total capital assets not depreciated	<u>\$ 1,004,940</u>	<u>\$ -</u>	<u>\$ 1,004,940</u>	<u>\$ -</u>	<u>\$ -</u>
Other capital assets:					
Depreciable land improvements	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-
Total land improvements	-	-	-	-	-
Buildings	1,049,655	2,600	1,052,255	-	-
** Accumulated depreciation	(56,856)	(26,458)	(83,314)	-	-
Total buildings	992,799	(23,858)	968,941	-	-
Machinery & equipment	335,179	13,168	348,347	-	-
** Accumulated depreciation	(216,199)	(33,602)	(249,801)	-	-
Total machinery & equipment	118,980	(20,434)	98,546	-	-
Infrastructure	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-
Total infrastructure	-	-	-	-	-
Software (internally generated & purchased)	408,560	-	408,560	-	-
Other intangibles	-	-	-	-	-
** Accumulated amortization - software	(260,238)	(81,712)	(341,950)	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-
Total intangibles	148,322	(81,712)	66,610	-	-
Total other capital assets	<u>\$ 1,260,101</u>	<u>\$ (44,292)</u>	<u>\$ 1,067,487</u>	<u>\$ -</u>	<u>\$ -</u>
Capital asset summary:					
Capital assets not depreciated	\$ 1,004,940	\$ -	\$ 1,004,940	\$ -	\$ -
Other capital assets, book value	1,793,394	15,768	1,809,162	-	-
Total cost of capital assets	2,798,334	15,768	2,814,102	-	-
Accumulated depreciation/amortization	(533,293)	(141,772)	(675,065)	-	-
Capital assets, net	<u>\$ 2,265,041</u>	<u>\$ (126,004)</u>	<u>\$ 2,139,037</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS

Restricted assets in the Louisiana Board of Pharmacy at June 30, 2014, reflected at \$985,716 in the non-current assets section on Statement A, consist of \$123,733 in cash and \$861,983 in investment in certificates of deposit. These assets are restricted for other post-employment benefit (OPEB) funding.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Board of Pharmacy has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2014 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$119,293. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2013 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasersonline.org/uploads/CAFR_2013.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2014, increased to 31.3% of annual covered payroll from the 29.1% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The (BTA) contributions to the System for the years ending June 30, 2014, 2013, and 2012, were \$371,283, \$279,473, and \$249,094, respectively, equal to the required contributions for each year.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. Calculation of Net OPEB Obligation

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2014 is as follows:

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2014
1. * ARC		\$ 137,200
2. * Interest on NOO		<u>37,000</u>
3. * ARC adjustment		<u>(35,400)</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>138,800</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2014 insurance premiums)		<u>(47,336)</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>91,464</u>
7. *NOO, beginning of year		925,404
8. **NOO, end of year (6. + 7.)		<u><u>\$ 1,016,868</u></u>

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2014 amounted to \$15,452. A schedule of payments for operating leases follows:

Nature of lease	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020-24	FY 2025-29
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	<u>6,467</u>	<u>3,129</u>	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	<u>13,188</u>	<u>12,786</u>	<u>3,456</u>	<u>936</u>	<u>390</u>	_____	_____
Total	<u><u>\$ 19,655</u></u>	<u><u>\$ 15,915</u></u>	<u><u>\$ 3,456</u></u>	<u><u>\$ 936</u></u>	<u><u>\$ 390</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

	Balance June 30, 2013	Year ended June 30, 2014		Balance June 30, 2014	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$ 1,032,208	\$ -	\$ 71,304	\$ 960,904	\$ 75,795
Bonds payable	-	-	-	-	-
Total notes and bonds	<u>1,032,208</u>	<u>-</u>	<u>71,304</u>	<u>960,904</u>	<u>75,795</u>
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	126,868	-	7,575	119,293	56,065
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	925,404	91,464	-	1,016,868	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	<u>1,052,272</u>	<u>91,464</u>	<u>7,575</u>	<u>1,136,161</u>	<u>56,065</u>

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

STATE OF LOUISIANA
 LOUISIANA BOARD OF PHARMACY
 Notes to the Financial Statement
 As of and for the year ended June 30, 2014

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES – NOT APPLICABLE

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Enterprise Fund	\$ 3,536	\$ 75,170	\$ 5,338	\$ -	\$ 84,044
Total payables	\$ 3,536	\$ 75,170	\$ 5,338	\$ -	\$ 84,044

W. SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 4, 2014, the date the financial statements were available to be issued.

X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET POSITION – NOT APPLICABLE

BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE

GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES – NOT APPLICABLE

HH. SERVICE CONCESSION ARRANGEMENTS – NOT APPLICABLE

II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70) – NOT APPLICABLE

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2014**

Name	Amount
Carl W. Aron	\$ 4,050
Brian Bond	3,000
Jacqueline L. Hall	825
Marty R. McKay	1,575
Chris B. Melancon	1,575
Ronald E. Moore	600
Blake P. Pitre	1,875
T. Morris Rabb	2,100
Clovis Burch	1,575
Pamela Reed	2,325
Richard Indovina	1,725
Ryan Dartez	825
Rhonny Valentine	900
Deborah Simonson	600
Don Resweber	1,350
Diane Milano	825
Richard A. "Andy" Soileau	2,175
Total	\$ <u>27,900</u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2014**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/13	Redeemed (Issued)	Principal Outstanding 6/30/14	Interest Rates	Interest Outstanding 6/30/14
OMNI	1-2-11	\$1,300,000	\$1,032,208	\$0	\$960,904	6.25%	\$90,940
Total		<u>\$1,300,000</u>	<u>\$1,032,208</u>	\$	<u>\$960,904</u>		<u>\$90,940</u>

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2014 –
NOT APPLICABLE

Fiscal Year <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2015	\$ _____	\$ _____	\$ _____	\$ --
2016	_____	_____	_____	--
2017	_____	_____	_____	--
2018	_____	_____	_____	--
2019	_____	_____	_____	--
2020-2024	_____	_____	_____	--
2025-2029	_____	_____	_____	--
2030-2034	_____	_____	_____	--
2035-2039	_____	_____	_____	--
 Total	 \$ <u> --</u>	 \$ <u> --</u>	 \$ <u> --</u>	 \$ <u> --</u>

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2014**

Fiscal Year <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ <u>75,795</u>	\$ <u>58,725</u>
2016	<u>885,109</u>	<u>32,215</u>
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
2035-2039	_____	_____
Total	\$ <u><u>960,904</u></u>	\$ <u><u>90,940</u></u>

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2014 –NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2015	\$ _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
2038	_____	_____
2039	_____	_____
Subtotal	_____ --	_____ --
Unamortized Discounts/Premiums	_____	_____
Total	\$ _____ _____	\$ _____ _____

***Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 3,059,395	\$ 2,864,459	\$ 194,936	\$ 6.80%
Expenses	2,764,021	2,575,984	188,037	7.29%
2) Capital assets	2,139,037	2,265,041	(126,004)	(5.56%)
Long-term debt	1,965,205	1,962,021	3,184	.16%
Net position	3,520,725	3,225,349	295,376	9.16%
Explanation for change:	_____			

